

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301  
Indianapolis, IN 46204  
(317) 233-0696  
<http://www.in.gov/legislative>

**FISCAL IMPACT STATEMENT**

**LS 7059**

**BILL NUMBER:** SB 352

**NOTE PREPARED:** Jan 5, 2006

**BILL AMENDED:**

**SUBJECT:** Energy Assistance Funding from Tax Amnesty.

**FIRST AUTHOR:** Sen. Lanane

**BILL STATUS:** As Introduced

**FIRST SPONSOR:**

**FUNDS AFFECTED:** X **GENERAL**  
**DEDICATED**  
**FEDERAL**

**IMPACT:** State

**Summary of Legislation:** This bill uses money received under the Tax Amnesty Program to provide assistance to households that are eligible for assistance under the Home Energy Assistance Program administered by the Division of Family Resources. The bill directs the Auditor of State to transfer to a special account in the state General Fund, from unrestricted revenues in the state General Fund, an amount equal to the least of the following: (1) The surplus state tax amnesty revenues, as certified by the Budget Agency. (2) The difference between the amount of funding needed and the amount of funding available to make home energy assistance available to all eligible households. (3) \$20,000,000.

The bill also appropriates money in the special account to the Division to provide assistance to eligible households under the Home Energy Assistance Program for the program period that includes the effective date of this act. The bill provides that money remaining in the account at the end of the program period reverts to the state General Fund.

**Effective Date:** Upon passage.

**Explanation of State Expenditures:** This bill requires that an amount, as determined by a formula in the bill, shall be transferred from the Tax Amnesty Program to a special account in the state General Fund. The bill provides that this money shall be used to provide home energy assistance. It is estimated that \$20 M will be transferred to this program in FY 2006.

It is anticipated that the provisions of this bill concerning calculations and reporting requirements for the Budget Agency and the Auditor can be implemented through the use of existing staff and resources.

**Explanation of State Revenues:** This bill requires that the Budget Agency shall certify to the Department of Local Government Finance and the Auditor of State an amount equal to:

- (1) the money received under the Tax Amnesty Program as of January 30, 2006; plus
- (2) the amount anticipated to be received from payment plans before July 1, 2006; minus
- (3) the amount which is attributable to taxes collected for a political subdivision.

The Department of State Revenue reports that the money received under the Tax Amnesty Program through December 2005 which would be certified through the above calculation would be approximately \$209.3 M. It must be noted that this estimate does not account for the portions of individual Local Option Income Tax and Financial Institutions Tax that will be distributed to political subdivisions.

The bill then requires that the *least of*:

- (1) the amount certified by the Budget Agency from above;
- (2) the amount of funding need, as determined by the Division of Family Resources (DFR), to make home energy assistance available to all eligible households for the Home Energy Assistance Program under IC 12-14-11, for the winter of 2005/2006; or
- (3) \$20 M;

shall be deposited in a special account of the state General Fund and must be used to provide assistance to eligible households under the Home Energy Assistance Program in the winter of 2005/2006.

The estimated amount certified by the Budget Agency from the tax amnesty program ((1) above) is at least \$209.3 M as of December 2005.

The estimated amount of funding needed to provide home energy assistance to all eligible households ((2) above) is approximately \$126.5 M.

Therefore, it is estimated that \$20 M from the \$209.3 M certified by the Budget Agency from the Tax Amnesty Program would be transferred to the special account of the state General Fund for home energy assistance. This transfer will come solely from state General Fund revenues.

The bill provides that any money in the special account not distributed by DFR during the program period ending on September 30, 2006, will revert to the state General Fund. Depending upon when the effective date of the bill and the length of the winter heating season, it is possible that a portion of the \$20 M which is estimated to be deposited in the special account will revert to the state General Fund after September 30, 2006.

*Background on Home Energy Assistance Program:* It should be noted that the \$126.5 M in additional funding for home energy assistance is an estimate based on providing funding to *all* eligible households. According to figures provided by the DFR based on the estimated number of applications they will receive, the additional funding needed to provide home energy assistance to all households which *apply* is approximately \$1.76 M.

*Background on the Tax Amnesty Program:* The Tax Amnesty Program began on September 15, 2005, and ended on November 15, 2005. The program was enacted in P.L. 236-2005 to allow payment of tax liability without penalty by taxpayers who:

- (1) had never filed (nonfilers);
- (2) filed a return, but underreported income, misapplied credits or deductions; or
- (3) did not file a subsequent return (accounts receivable).

According to the Department of State Revenue, over 91,000 taxpayers took advantage of the program. Total amnesty collections for all taxes through December of 2005 were equal to \$210.2 M. The Department of State Revenue has reported that after all payments are collected, the total amount of all collections from the amnesty program will equal close to \$255 M with administrative expenses currently estimated at \$12 M.

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** Division of Family and Children of the Family and Social Services Agency; State Budget Agency; Auditor of State.

**Local Agencies Affected:**

**Information Sources:** Tom Scott, Program Specialist, Family and Social Services Administration, 232-7015; State Budget Agency.

**Fiscal Analyst:** Adam Brown, 317-232-9854.